

Message Text

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SUBJECT: ASSESSMENT OF TRANSPORTATION AGREEMENT (05.00)

1. SUMMARY - THE TRANSPORTATION AGREEMENT, ONE OF THE SMALLER OF THE SPECIALIZED BILATERALS, PRESENTS IN CAPSULE FORM EXCELLENT EXAMPLES OF THE BENEFITS AND DIFFICULTIES OF COOPERATION WITH THE SOVIETS. JOINT PROGRAMS IN SUCH AREAS AS RAIL TRANSPORT AND CIVIL AVIATION HAVE AIDED U.S. TECHNOLOGY, FURTHERED SOME COMMERCIAL SALES, FAVORABLY INFLUENCED SOVIET POSITIONS ON MULTI-LATERAL ISSUES AND PROVIDED NEW INSIGHTS INTO SOVIET DOMESTIC PROGRAMS. ON THE OTHER HAND, SINCE SOVIET TRANSPORT TECHNOLOGY GENERALLY LAGS BEHIND THAT OF THE U.S. IT IS ESSENTIAL TO MONITOR CAREFULLY THE OVERALL BALANCE OF BENEFITS AND INSIST ON ACCESS TO THOSE RELATIVELY FEW AREAS WHERE THE SOVIETS HAVE A TECHNOLOGICAL LEAD. IN THIS REGARD, THE EMBASSY SUPPORTS THE RECENT CANCELLATION OF THE MARINE TRANSPORT SECTION OF THE BILATERAL. THIS FORCEFUL INDICATION THAT THE U.S. IS SERIOUS ABOUT BALANCE OF BENEFITS SHOULD HAVE A SALUTARY EFFECT. WE RECOMMEND THE BILATERAL BE RENEWED FOR AN ADDITIONAL FIVE

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YEARS, WITH PRUNING OF SOME UNPRODUCTIVE PROJECTS AND FOCUS ON NEW AREAS, SUCH AS TRANSPORT OF ENERGY, WHICH APPEARS TO OFFER MORE PROMISE. END SUMMARY.

2. OVERVIEW

THE UNITED STATES AND THE SOVIET UNION, TWO OF THE

MAJOR INDUSTRIAL STATES, SHARE A LARGE NUMBER OF COMMON INTERESTS IN TRANSPORTATION, BOTH DOMESTIC AND INTERNATIONALLY. WHILE A STRONG BASIS FOR COOPERATION EXISTS, THE VOLUME OF COOPERATION UNDER THE TRANSPORTATION AGREEMENT HAS BEEN ONE OF THE SMALLEST OF ALL THE SPECIALIZED BILATERALS. MAJOR HINDRANCES TO EXPANSION HAVE BEEN SOVIET TECHNICAL WEAKNESS ACROSS THE BOARD IN TRANSPORTATION. IN ADDITION, SOVIET SECURITY CONCERNS PRESENT A FURTHER OBSTACLE TO COOPERATION IN SOME AREAS OF TRANSPORTATION. FINALLY, ON THE U.S. SIDE, THERE HAS BEEN A CHRONIC DEARTH OF FUNDS TO SUPPORT JOINT WORK.

NEVERTHELESS, THE BILATERAL HAS REGISTERED SOME SOLID SUCCESSES, FOR THE U.S. COOPERATION ON RAIL TRANSPORT HAS ADVANCED US PROGRAMS IN SUCH AREAS AS RAIL TESTING EQUIPMENT AND USE OF CONCRETE RAIL TIES. THE BILATERAL HAS ALSO IMPROVED U.S. ACCESS TO SOVIET DECISION MAKERS AND HAS FAVORABLY INFLUENCED A SOVIET POSITION IN SUCH INTERNATIONAL TRANSPORT FORUMS AS ICAO AND IMCO. THERE HAS ALSO BEEN SOME GOOD SPIN-OFF IN THE COMMERCIAL AREA, WHERE BILATERAL CONTACTS HAVE PROMOTED THE SALE TO THE SOVIETS OF U.S. OMEGA AIR NAVIGATION EQUIPMENT AND RAILROAD AUTOMATIC COUPLER DRAFT GEAR, THOUGH THE LOSS OF AN AIR TRAFFIC CONTROL SYSTEM CONTRACT TO SWEDEN HAS BEEN A DISAPPOINTMENT. U.S. MANAGEMENT OF THE BILATERAL HAS BY AND LARGE LIMITED OFFICIAL USE

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BEEN VERY GOOD. COORDINATION ON THE WASHINGTON SIDE HAS BEEN IMPRESSIVE AND THE BILATERAL IS REFRESHINGLY FREE OF MAJOR ADMINISTRATIVE SNAFUS. FURTHERMORE, WHILE THE BILATERAL ADMINISTRATIVELY RUNS THROUGH THE STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, TIES HAVE BEEN STRENGTHENED WITH SOVIET COUNTERPARTS IN THE OPERATING MINISTRIES CONCERNED WITH RAIL, AIR AND MARINE TRANSPORT.

3. BALANCE OF BENEFITS

THE MAJOR PROBLEM IN OBTAINING A BALANCE OF TECHNICAL BENEFITS STEMS FROM THE GENERAL WEAKNESS OF SOVIET TECHNOLOGY IN THE TRANSPORTATION AREA COMBINED WITH SOVIET SECURITY CONSIDERATIONS. IN STRICTLY TECHNICAL TERMS, COOPERATION HAS BENEFITED THE SOVIETS DECIDEDLY MORE THAN THE U.S. OVER THE PAST FIVE YEARS. HOWEVER, THE U.S. CAN AND SHOULD CONTINUE TO STRIVE FOR A "REASONABLE EQUIVALENCE" WHICH WOULD COMBINE (1) ACCESS TO THE RELATIVELY FEW AREAS OF SOVIET TECHNOLOGY WHICH ARE MORE ADVANCED, (2) SEEKING SUPPORT OF SOVIET DECISION MAKERS IN MULTILATERAL TRANSPORTATION FORUMS AND (3) CONSIDERABLY INCREASED SALES OF U.S. COMMERCIAL TECHNOL-

OGY AND ACCESS TO AREAS, PROJECTS, INSTITUTES AND INDIVIDUALS FOR AN ENHANCED UNDERSTANDING OF SOVIET TRANSPORTATION PROGRAMS AND PROBLEMS. SOVIET ACTIONS WHICH TEND TO REDUCE THIS CONSTELLATION OF BENEFITS SHOULD BE MET WITH A REDUCTION OF EXCHANGE IN AREAS OF TECHNICAL INTEREST TO THE SOVIETS. IN THIS REGARD, THE EMBASSY SUPPORTS THE RECENT ACTION OF DOT IN TERMINATING THE MARINE TRANSPORT SECTION OF THE AGREEMENT IN RETALIATION FOR SOVIET REFUSAL TO ALLOW ACCESS TO THEIR NUCLEAR ICE BREAKERS OR ADVANCED ICE TRANSITING PROGRAMS IN GENERAL. FURTHER SOVIET STONEWALLING ON OTHER IMPORTANT AREAS,

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SUCH AS U.S. ACCESS TO AN OPERATING AIR TRAFFIC CONTROL FACILITY SHOULD BE MET WITH ADDITIONAL SELECTED CUTS.

4. RECOMMENDATIONS

APART FROM THEIR POLITICAL CONCERN TO KEEP ALL SPECIAL BILATERALS INTACT, THE SOVIETS ARE CERTAINLY ANXIOUS FOR A RENEWAL OF THE TRANSPORTATION BILATERAL FOR AN ADDITIONAL FIVE YEARS, AS THE TRANSPORTATION SECTOR IS ONE OF THE MAJOR WEAKNESSES IN THE SOVIET ECONOMY. THEIR PLANNERS CONTINUE TO LOOK TO THE WEST FOR TECHNICAL SOLUTIONS. THE SITUATION SEEMS TO OFFER THE U.S. SOME LEVERAGE ON NEGOTIATIONS FOR RENEWAL OF THE BILATERAL THIS COMING JUNE. WHILE THE EMBASSY RECOMMENDS THAT THE BILATERAL BE RENEWED FOR A FULL FIVE YEAR PERIOD, WE SHOULD TAKE THIS OPPORTUNITY FOR THE RENEWAL TO UNDERLINE OUR OVERALL CONCERN FOR BALANCE OF

BENEFITS AND UNSATISFACTORY SOVIET PERFORMANCE ON ACCESS. ALREADY CHASTENED BY THE MARINE TRANSPORT SECTION CANCELLATION, WE BELIEVE THE SOVIETS WILL BE LISTENING. DURING RENEWAL DISCUSSIONS, SOVIETS SHOULD BE INFORMED THAT FAILURE TO PROVIDE ACCESS IN THE FUTURE WILL BE MET BY LIMITED OFFICIAL USE

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A RESPONSE SIMILAR TO DOT'S ACTION IN CONNECTION WITH ICE-TRANSITING PROBLEM. THE RENEWAL WILL ALSO BE AN APPROPRIATE TIME FOR SHARPENING FOCUS AND TIGHTENING UP SOME ADMINISTRATIVE LOOSE ENDS. WE RECOMMEND SPECIFICALLY ELIMINATION OF CHRONICALLY INACTIVE SECTIONS SUCH AS TRANSPORT OF THE FUTURE (05.01), AUTO TRANSPORT (05.06), TRANSPORT FACILITATION (05.07), AND URBAN TRANSPORT (05.08) AND THE AGRICULTURE PROJECT (05.0406), UNDER THE CIVIL AVIATION JWG (05.04). OTHER CIVIL AVIATION ACTIVITIES, AIRWORTHINESS (05.0401) AND SECURITY (05.0407), HAVE BEEN INACTIVE AND ARE AS SUCH ALSO CANDIDATES FOR DELETION. PROVIDING THEY CAN BE BROUGHT TO LIFE, CONSIDERATION SHOULD BE GIVEN TO THEIR RETENTION. COLLABORATIVE ACTIVITY IN THE SECURITY AREA MIGHT PROMOTE CLOSER US-SOVIET ANTI-TERRORIST COOPERATION AND THERE ARE POTENTIAL COMMERCIAL AND TECHNICAL GAINS FROM JOINT AIRWORTHINESS ACTIVITY.

FUNDS SAVES BY THE DELETION OF THE ABOVE MIGHT BE USED TO EXPLORE NEW AREAS OF HIGH POTENTIAL BENEFIT SUCH AS ENERGY TRANSPORT. THIS MIGHT BE DEVELOPED UNDER THE AEGIS OF THE HAZARDOUS MATERIALS TRANSPORT SECTION, WHICH THE SOVIETS HAVE ALREADY PROPOSED, AND MAY BE USEFULLY FOCUSED ON SUCH MAJOR COMMON PROBLEMS AS NOVEL MEANS FOR THE LONG DISTANCE TRANSPORT OF COAL. DURING THE RENEWAL OF NEGOTIATIONS, WE SHOULD ALSO MAKE IT CLEAR THAT THE SOVIETS ARE TO PROVIDE SPECIFIC ITINERARIES WELL IN ADVANCE OF DELEGATION VISITS, AS WE HAVE ALREADY EMPHASIZED IN SEVERAL OF THE OTHER BILATERALS. ON THE U.S. SIDE, WE WOULD SUGGEST THAT DOT CONSIDER, IF POSSIBLE, REQUESTING LINE ITEM FUNDING FOR JOINT PROJECTS TO ELIMINATE A CHRONIC CONSTRAINT ON THE PURSUIT OF MUTUALLY BENEFICIAL PROGRAMS. SUCH A MEASURE SHOULD SERVE LIMITED OFFICIAL USE

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CONCOMITANTLY TO ENCOURAGE DOT TO CREATE CLEARER OBJECTIVES AND PRIORITIES, PROJECT BY PROJECT, TO BETTER GUIDE U.S. EFFORTS. MATLOCK

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